



INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue

Room N758

Indianapolis, Indiana 46204-2216

(317) 232-5533

FAX: (317) 232-0238

An Equal Opportunity Employer • <http://www.in.gov/dot>

MITCHELL E. DANIELS, JR., Governor

THOMAS O. SHARP, Commissioner

March 5, 2005

Writer's Direct Line

MEMORANDUM

05-02

TO: District Directors
Toll Road Operations Engineer
District Construction Engineers
District Area Engineers
Project Engineers/Supervisors
Material and Tests Division
District Materials & Tests Engineers

FROM: Dennis A. Kuchler, Chief
Contracts & Construction Division

RE: Change Orders

In the last several months it has come to our attention that the use of change orders on construction projects to purchase certain items (which are not allowed) has occurred because it appears that there is uncertainty in the field as to what is appropriate and what is not. Also, there is a concern that as change orders are approved in the districts, the required back-up documentation isn't always attached to the change order when reviewed at a later date. This memorandum is being written to help clear up the confusion on these issues. It should also be noted that at this time, Memorandums 00-13 & 02-08 which are included in the General Instructions to Field Employees (GIFE) are still our current policy for change order approval authorities and instructions. That policy may change in the next several months.

The following guidelines are to be used as a supplement to the GIFE, and should also be followed when putting together a change order or approving one:

1. Change Orders MUST have full and complete documentation for all items of work listed. The documentation shall include how the unit prices were checked to determine if they were in line with current bid prices being received by the Department for this type of work or if higher, what are the reasons that a higher unit cost was determined acceptable.
2. The documentation should include drawings (if applicable) and enough supporting paperwork so that ANYONE reading the change order document could easily understand what was being paid for and the reasons it was needed and justified.
3. Change Orders CANNOT be used to purchase any kind of equipment such as: Radios, phones, calculators, or anything that would remain the property of the State of Indiana after the project work was complete.
4. Change Orders also CANNOT be used to pay the contractor for physical work to be performed on a state owned building, state vehicle, etc.
5. Scope changes are another area that generates several change orders. A change order that involves a scope change CANNOT be approved until the District Construction Engineer has contacted his central office field engineer and verbal approval been given by the Chief Engineer to allow such a change.

6. Change Orders that deal with Design Changes CANNOT be approved by the proper approval level stated in the GIFE until that change has been agreed to by someone in design and that design approval MUST be documented on the change order (date and name of person in design who agreed with the change). The approval from design must be an INDOT employee from the design staff of the appropriate level and not a consultant so that INDOT remains in responsible charge of all changes.
7. Change Orders that deal with changes to the pavement typical section shown on the plans also CANNOT be approved until contact is made with representatives of the Pavement Design Committee. This includes changes to the liquid binder called for in the contract, thicknesses of any layer of HMA, underdrain changes, subbase changes, etc. As stated in item 6 above, the change being presented must be approved and documented on the change order (date and name of person from the Pavement Design Committee) before the change can be processed any further and work performed in the field.
8. The item of "Administrative Costs" is not to be used as a catch all item or as an item to use when it seems convenient. This item is a special item needed at times to settle claims or unusual costs. District personnel shall contact their central office field engineer in Contracts & Construction for guidance when they want to use this item. If it is agreed by central office that this item can be used, the name and date that verbal approval was granted should also be shown on the change order.
9. Remember, a change order should tell the whole story of the work involved. If items of work are eliminated by the addition of new work, the items eliminated MUST also be shown on the change order. DO NOT hold back items that have been eliminated thinking that you may need them later on in the project. This causes the Department to have to allocate more dollars to the project than really needed.
10. The change order process and current approval levels are being reviewed and most likely will change in the near future. It is very important that the integrity of the change order process and the levels of authority are followed and that change orders are not to be broken into pieces so that lower levels of authority can approve the change orders thus circumventing the check and balances of the change order process prescribed in the change order policy.
11. A PE/PS should always keep in mind that timely completion of change orders is very important to avoid possible delay claims or the need for work to be completed before a change order has been processed through the approval process. The force account process outlined in the specification for all contracts make the contractor responsible for tracking and documenting time and materials. This should be used if time is of the essence and agreement cannot be reached by all parties involved in a reasonable time period.
12. Additional time to do the change order work can be negotiated at the time the change order is being written. It should be made a part of the change order document. Resolving the entire issue promptly (work, dollars, and time) will prevent anything from coming back later when memories and facts are less clear.

With the aforementioned guidelines, INDOT should better be able to manage the change order process and with your help have an approved system of accountability.